PRODUCTION DATA WORKSHOP
NOTES
Minerals Management Service, Houston, Texas
December 5, 2006

A "Production Data Workshop" was held at the Minerals Management Service (MMS) Houston office, on December 5, 2006. The workshop objectives were as follows:

- Discuss issues involving the collection and availability of accurate and current oil and gas production data from Federal and Indian leases and agreements,
- Options for streamlining and/or improving the process of collecting and disseminating oil and gas production data,
- Production reporting during hurricanes.

Approximately 45 oil and gas reporters representing 20 major oil and gas companies met with representatives from MMS, Bureau of Land Management (BLM), and Energy Information Administration (EIA), Department of Energy.

Over 360,000 lines of production data is transmitted to the MMS financial accounting system each month. The production data is edited, updated, and distributed to the Bureau of Indian Affairs (BIA), BLM, and Offshore Minerals Management (OMM) for onshore and offshore field inspections and is available through the internet for States and Tribes. The data is also used by Minerals Revenue Management (MRM) to verify whether the correct royalty is paid for the oil and gas produced from Federal and Indian leases/agreements.

Some of the issues identified by MMS were:
- Timely distribution of production data
- Missing data/backlogs
- Data exchange between MRM/BLM/OMM
- System access between MRM and BLM (AFMSS)

MMS also identified potential solutions:
- Earlier due dates for submission of production data
- Not requiring non-producing wells to be reported
- Access to BLM's AFMSS well reference data
- Not pursuing older missing data
- Allowing "rolled-up" yearly adjustments

The following are merely discussion points and do not represent views or opinions of MMS, BLM or EIA. The lists below are summaries of the issues and potential solutions that were discussed and comments received on these issues:

EARLIER DUE DATES/ADJUSTMENTS

- 30 Day Report Cycle/Timeliness of Data - Industry representatives stated they do not receive the production data needed from their sources in order to report production any sooner than the current due date. The representatives stated that production data cannot be reported earlier than the current production due date because royalty reporting is due within 30 - 31 days of the sales month and required production adjustments cannot be made sooner. Also, the due dates for royalty and production reporting cannot be the same due to industry's workloads and resources.
- Estimates would lead to more adjustments – Industry representatives stated that moving the production report due date up would perpetuate adjustments. Industry needs the additional 15 days to make prior adjustments. They stated that high pressure condensate situations result in required adjustments.
- Statements - Retrograde/Flash gas – Industry contends they need the extra 15 days to get statements because the companies responsible for providing the retrograde and flash gas statements have a due date of 15 days after the production month built into their contracts.
- Retroactive approval of agreements – Industry representatives contend that retroactive approval of communitization and unit agreements/revisions causes major production reporting impacts which require adjustments to the production reports.
- Rolled up reporting - Industry is very interested in MMS's proposal to allow modified reports using the "rolled-up" reporting method of adjusting volume differences for retroactive periods for Federal onshore properties. Often, industry is requested to report modified reports as far back as 6 years for retroactive approvals on agreements. Industry contends this is a reporting burden on them.
- MMS requires operators to go back 6 years, unless the corrections concern an Indian property. Compliance has a 7-year statue of limitations and they try to look at a 3-year time frame.
- Roll-forward Adjustment – Offshore properties - Industry is interested in allowing forward adjustments to adjust OGOR's; for example, allow the operator to roll the adjustment forward and the allocator would roll the volume into the next month. Changes in production data can create many adjustments; e.g., if there are 100 injectors going into a common pipeline and water is later discovered injected into a particular platform will require adjustments even for one injector to adjust allocations to that platform.
- MMS stated the roll-forward adjustment would impact volume comparisons if there are royalty-bearing volumes.
- Industry suggested raising the roll-forward threshold.
- Exploratory Wells with Zero Production – Industry representatives stated they would rather wait until a well is producing to report the well. At times, they are requested to report missing non-producing wells for the past 6 years. This puts an extra reporting

burden on industry. OMM representatives stated they need the non-producing offshore wells reported in order to know if a well is producing or not. The Oil and Gas Operations Report (OGOR) provides OMM this data; otherwise, OMM cannot determine whether the well is missing from the report or if the well failed to produce for that production month.

- Industry also requested that temporarily abandoned wells not be required to be reported since there is zero production. OMM representatives stated they need the OGOR's reported for zero production (shut-in or TA'd) wells to confirm that the well did not produce. Otherwise, OMM cannot determine if the operator failed to report a producing well. OMM indicated that this well information is required to check operating status and that the Office of Resource Evaluation uses such information in order to perform their studies.
- BLM agreed for onshore Federal properties, non-producing wells that have not been reported (missing on the OGOR's) can be reported prospectively.

HURRICANE DATA

The Deputy Regional Director of the Gulf of Mexico Region in New Orleans gave a briefing on the impacts of the recent effects of the hurricanes in the Gulf of Mexico production. The following issues were discussed:

- OMM needs the shut-in numbers due to hurricanes reported for use by trade publications and the financial community.
- OMM received inquiries from DOE and the White House for production data that was impacted by the Katrina and Rita hurricanes
- OMM has a new electronic system for companies to report the shut-in and production data during a hurricane. The shut-in data does not need to be reported by facility – just a total number for the Gulf.
- This new information helps OMM determine what issues are involved for getting the production back up in the Gulf. Was the issue one of the following:
  - o Pipeline
  - o Refinery
  - o Facility
  - o Onshore Terminal
- MMS relays this information to others that have resources that can help companies get on track and get back online to report the production data.

GENERAL PROPOSED SOLUTIONS

- Industry would like approval to report "rolled-up" yearly adjustments for retroactively approved communitization agreements and unit agreement revisions. Industry asked if a study has been done to evaluate the materiality of the adjustments that have been made.
- Industry requested modified reports be requested only if production is involved.

- Industry requested to not be required to report non-producing wells.
- Industry requested MMS to work the most current work for production periods of 2004 forward. Request any older data only if needed for audit purposes.
- Industry requested to be allowed annual reporting for properties without production.
- Industry contends that they cannot report any sooner than 45 days after the production month.
- MMS discussed moving more edits up front to Inovis and requiring EDI reporters to have all of the Inovis edits in their systems.
- Industry agreed it would be a good idea to implement the new remote data acquisition system to allow electronic feed of data from a company's computer system or from metering points into one central automated system.
- Industry stated there is a need for better coordination and communication between MMS/BLM/OMM/Industry.
- MMS discussed the initiative to bring back the tripartite committee where BLM, BIA, and MMS hold quarterly meetings to discuss issues.
- It was suggested that industry send e-mails to BLM/OMM and MRM to verify the correct API number in order to report the wells correct the first time.
- MMS needs access to BLM's AFMSS in order to research onshore well data as done for offshore wells through TIMS (OMM's well data base).
- Industry is not getting passwords timely from MMS to access BRIO.
- Industry needs more training in using BRIO. Add BRIO training segment to reporter training sessions.

COMMUNICATION AND REPORTING

- Industry requested regular meetings with MRM to discuss any reporting problems to get everyone involved on the same page.
- Everyone in attendance agreed workshops of this type are beneficial.
- Industry suggested Follow-up Workshops.
- Industry requested follow-up by MRM on who will address the issues and provide feedback and notice of resolution.
- Communitization agreements (CA's) and Unit Agreement Participating Area Revisions – Industry representatives stated BLM needs to approve agreements and revisions timelier. Requires too many modified reports from operators. BLM representative stated sometimes the operator fails to provide all required documentation critical to determining the paying well determination which slows up the approval process.
- Well Data – GOMR has a web page to confirm well completion data information.
- Industry needs to notify BLM and OMM timelier of completion changes via sundry notices/End of Operations Report (EOR).
- Industry needs access to well data from MMS system to verify the API well numbers.
- Industry requested MRM send a listing of the missing wells or OGOR exceptions to them.
- Industry would like to query Missing Exceptions through Brio
- Need feedback on Resolution of Problem Missing Exceptions – Industry needs to be notified more timely of missing wells/reports.

- MRM needs to catch up the backlog of missing exceptions – notify industry as soon as possible on need to report. Send a list of missing wells or OGOR's to industry. Use "rolled-up reporting" for earlier periods with missing data.
- In surface commingling situations, industry questioned whether the commingled Btu at the gas sales metering point had to be reported, or if lease-level Btu reporting is acceptable. Btu should be reported at the sales point.
- Industry stated they are not getting feedback on resolution of PASR errors.
- Industry requested access to PASR data via BRIO.
- MMS will write a SIR to get PASR data added so industry can access from BRIO.
- Gas Volume Statements – Industry discussion on submission of e-mail .pdf files or electronic version of gas statements to OMM.
- Set up Right FAX on GOMR and convert fax to email electronic version
- Industry requested MMS/BLM to not require old missing reports/wells to be reported unless needed for audit purposes.
- Industry requested they be allowed to start OGOR reporting at initial production date – do not require non-producing wells to be reported.
- Industry suggested adding more people at MMS to get backlogs caught up.
- OMM stated that within a company, there should be better communication between the production group and reporting group (especially if reporting is contracted out). Occasionally, when MMS contacts reporters, their response is "Thanks for telling us about the tubing string change – you are how we found out about the changes."

BRIO ACCESS/DATA EXCHANGE

- Industry needs access to BRIO and passwords sooner (currently a tedious process).
- Brio was down for a while and companies did not have access to Brio. MMS recently sent out a letter to reinitiate passwords.
- MMS must make certain all security measures are followed in issuing passwords to Brio.
- MMS must have an original signature on the SARF's for security purposes.
- Industry needs access to PASR microcubes to enable them to better resolve LVS and GVS exceptions.
- Industry would like to be able to pull data for an entire FMP. They would like access to data reported by other companies.
- Industry can submit a FOIA request to OMM and get information within a day.
- OGOR-A offshore data is available on the GOMR website.
- Industry needs to be able to query production data and volumes reported to MRM.
- Industry needs to be able to look up historical data to be able to modify their reports correctly.
- FOIA Process – Discussed process within MMS when requesting data.
- FAST-FACTS – Industry needs to use the GOMR.MMS.gov website for meter information.
- Industry needs current report data on OGOR's – OGOR reports for revisions may be on hold and company needs access to current information. Ensure industry can query more current information so they are not looking at out-of-date production data.

- Industry needs better, user-friendly training.
- CBT – is being developed by MMS for on-line industry training.
- Industry requested "Live interaction." Helps Industry to know requirements. Have someone in Denver provide live training over the computer.
- Industry requested a User Manual on how to report using Inovis. Customize manual for industry and put it out on the web or publish the manual on the BRIO portal.
- Industry wants to be able to download current well reference data.
- Industry wants to be able to download data into Excel format so they can import it into Access. Look at enhancing the download capability of Brio.
- Industry needs notification when their Brio password expires. Industry representatives stated their Brio password expires without notification.
  - Reset Password – MMS explained this is for security reasons (Cobell litigation).
  - Process of getting new password was discussed.
  - MMS will look at the password issue. This issue involves IT, security and the Department of Interior.
- INOVIS Blasts – MMS needs to make sure important e-mail messages are able to be seen by industry reporters and reporters need to look for messages.
- MMS needs to send e-mail notifications to the individual reporters when there is an Inovis Blast on Inovis.
- Industry needs ability to repeat lines or copy and paste data in Inovis.
- Industry has capability of downloading files to Inovis. This helps MMS because the files then go through the up-front edits.
- Industry stated there are too many well edits. Industry wants well edits in Inovis.
- Industry needs the name of the file on the validation sent to them when running multiple EDI files.
- Industry stated the Document Number is not on the OGOR confirmation print-out. MMS will investigate.
- Industry requested a "Tie" to FM lease/agreement reference data through Inovis.
- Industry requested only the API # be edited. MMS should not edit tubing strings. Let OMM/BLM follow-up on tubing string issues.
- Protection of Information – Discussion on proprietary data
  - Do not allow industry access to pricing information.
  - Reason code on offshore OGOR's is proprietary.
  - Indian well data is proprietary.
- Non-Proprietary data is not available to all operators. It is a security issue. MMS has FOIA procedures which must be followed by industry to request data other than their own.
- Industry requested that Fast Facts be downloadable to the public.
- Access to Brio for multiple companies was requested by contractors who report for multiple companies. They stated they need access to company's historical data in order to report correctly. MMS representatives stated the MMS company contact can provide the data to the contractor upon request and once verified the contractor is reporting for the company.

BRAINSTORMING

- MMS needs to distribute timely accurate production data to BLM/OMM/States and Tribes.
- Missing exception backlog – work missing exceptions only from 2004 forward.
- MMS needs access to BLM's AFMSS in order to research and update well data.
- Adjustments – allow "rolled up" reporting for modified reports and not require old data past a certain date. Impacts workloads and resources.
- MMS System response times (Inovis) - MMS issue.
- Limited resources at both MMS and Industry.
- Need current well data to be in sync between BLM and MMS.
- Collecting the Right/Wrong data – BLM willing to work with MMS on streamlining the process. There are some elements that BLM needs that MMS does not and vice versa. In addition, we need to talk to users of our data such as EIA, BLM, BIA, and OMM to ensure we are collecting the right data for their needs.
- Industry needs to be contacted on PASR errors and the resolution of those errors.
- Industry needs access to PASR data through Brio. MMS to do a SIR to add to Brio.
- Industry would like access to lease/reference data.
- Industry needs timelier approvals of passwords to access Brio.
- MMS will add BRIO training to reporter training sessions.
- Industry would like to report only producing wells for onshore wells.
- Industry must be able to produce correct data for audits for prior years.
- Allow industry to have access to more queries (currently, industry has access to 3 queries, OGOR, 2014 (royalty) data and Well Reference via microcubes).
- Industry needs to be able to do queries of MMS data for their specific operator number.
- MMS/BLM Relations/Exchange of data – need better coordination/communication.
- Not require modified reports from industry for old reports unless needed for audit.
- OMM needs old data to be historically accurate in order to accurately assess produced and remaining reserves.
- OMM requested completion changes be reported accurately and timely to ensure the completion and API well number is correct. OMM approves sundry notices and well re-completions and sends a confirmation report on completion changes to company Land Department.
- MMS has problems with the well data being "out of sync" with BLM/operators.
- MMS has numerous inventory errors – need "rolled-up reporting" for modified reports.
- Duplication of data required from industry at times, i.e., Gas FMP meter statements and run tickets required by OMM and also by MRM, Compliance offices.
- Coal-Bed methane reporting discussed. MMS requires changes to OGOR B for CO_2 percentage. Issue addressed in Dear Reporter letter and requirement of CO_2 percentage is on a prospective basis.

CLOSING REMARKS

Short-term

- Moving the due date to 30 days after the production month is not reasonable.
- Operators may report missing Federal onshore non-producing wells prospectively.
- MMS to notify industry of PASR errors and resolutions.
- MMS will submit a system request to make PASR's available through Brio.
- MMS to investigate Inovis response times.
- MMS to move more edits up-front to Inovis.
- MMS to send e-mail notifications when there is an Inovis Blast.
- MMS to add ability of industry to repeat lines or copy and paste data in Inovis.
- MMS to make sure passwords are sent timely for access to Brio.
- MMS to add Brio training to upcoming reporter training sessions.
- MMS to conduct more workshops such as this one.
- MMS to meet with industry when there are reporting problems.
- MMS will send industry a listing of the missing wells or OGOR's upon request.
- MMS will send industry a listing of well data if requested by an industry representative.
- Industry will submit sundry notices timelier to OMM and BLM.
- Industry will work to get better communication between their Land Department and Production reporters.

Long-term

- Consider allowing annual "rolled-up" volume adjustments.
- Consider allowing roll-forward adjustments for offshore allocations.
- Consider changing requirements for reporting onshore non-producing wells.
- Consider to work the most current work for production months of 2004 forward and request older data only if needed for audit purposes – onshore only.
- Study possibility of utilizing a remote data acquisition system or similar type universal system for all reporters, BLM, MMS, BIA, and EIA.
- MMS to pursue getting industry access to more data via Brio.
- MMS to add Document Number on OGOR Confirmation in Brio.
- MMS to investigate adding well edits in Inovis.
- MMS to investigate adding a "Tie" to FM lease/agreement reference data through Inovis.
- MMS to add more people to work the backlogs.
- MMS/BLM work to get well reference data in sync between operators/MMS/BLM.
- MMS and BLM to work together to streamline reporting process. Ensure the collection of the right data and not collect data unless needed.